

104TH CONGRESS
1ST SESSION

S. 1006

To amend the Internal Revenue Code of 1986 to simplify the pension laws,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 30 (legislative day, JUNE 19), 1995

Mr. PRYOR (for himself, Mr. HATCH, Mr. BREAU, and Mr. LEAHY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to simplify
the pension laws, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;**

4 **TABLE OF CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Pension Simplification Act of 1995”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-
9 ment or repeal is expressed in terms of an amendment
10 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents of
 4 this Act is as follows:

Sec. 1. Short title; amendment of 1986 Code; table of contents.

TITLE I—SIMPLIFICATION OF NONDISCRIMINATION PROVISIONS

Sec. 101. Definition of highly compensated employees; repeal of family aggregation.

Sec. 102. Definition of compensation for section 415 purposes.

Sec. 103. Modification of additional participation requirements.

Sec. 104. Nondiscrimination rules for qualified cash or deferred arrangements and matching contributions.

TITLE II—SIMPLIFIED DISTRIBUTION RULES

Sec. 201. Repeal of 5-year income averaging for lump-sum distributions.

Sec. 202. Repeal of \$5,000 exclusion of employees' death benefits.

Sec. 203. Simplified method for taxing annuity distributions under certain employer plans.

Sec. 204. Required distributions.

TITLE III—TARGETED ACCESS TO PENSION PLANS FOR SMALL EMPLOYERS

Sec. 301. Credit for pension plan start-up costs of small employers.

Sec. 302. Modifications of simplified employee pensions.

Sec. 303. Exemption from top-heavy plan requirements.

Sec. 304. Tax-exempt organizations eligible under section 401(k).

Sec. 305. Regulatory treatment of small employers.

TITLE IV—PAPERWORK REDUCTION

Sec. 401. Repeal of combined section 415 limit.

Sec. 402. Duties of sponsors of certain prototype plans.

TITLE V—MISCELLANEOUS SIMPLIFICATION

Sec. 501. Treatment of leased employees.

Sec. 502. Plans covering self-employed individuals.

Sec. 503. Elimination of special vesting rule for multiemployer plans.

Sec. 504. Full-funding limitation of multiemployer plans.

Sec. 505. Alternative full-funding limitation.

Sec. 506. Affiliated employers.

Sec. 507. Treatment of governmental plans under section 415.

Sec. 508. Treatment of deferred compensation plans of State and local governments and tax-exempt organizations.

Sec. 509. Contributions on behalf of disabled employees.

Sec. 510. Distributions under rural cooperative plans.

Sec. 511. Special rules for plans covering pilots.

Sec. 512. Tenured faculty.

Sec. 513. Uniform retirement age.

Sec. 514. Uniform penalty provisions to apply to certain pension reporting requirements.

Sec. 515. National Commission on Private Pension Plans.

Sec. 516. Date for adoption of plan amendments.

1 **TITLE I—SIMPLIFICATION OF** 2 **NONDISCRIMINATION PROVI-** 3 **SIONS**

4 **SEC. 101. DEFINITION OF HIGHLY COMPENSATED EMPLOY-** 5 **EES; REPEAL OF FAMILY AGGREGATION.**

6 (a) IN GENERAL.—Paragraph (1) of section 414(q)
7 (defining highly compensated employee) is amended to
8 read as follows:

9 “(1) IN GENERAL.—The term ‘highly com-
10 pensated employee’ means any employee who—

11 “(A) was a 5-percent owner at any time
12 during the year or the preceding year,

13 “(B) had compensation for the preceding
14 year from the employer in excess of \$80,000, or

15 “(C) was the most highly compensated of-
16 ficer of the employer for the preceding year.

17 The Secretary shall adjust the \$80,000 amount
18 under subparagraph (B) at the same time and in the
19 same manner as under section 415(d), except that
20 the base period shall be the calendar quarter begin-
21 ning October 1, 1995.”

1 (b) SPECIAL RULE WHERE NO EMPLOYEE HAS
2 COMPENSATION OVER SPECIFIED AMOUNT.—Paragraph
3 (2) of section 414(q) is amended to read as follows:

4 “(2) SPECIAL RULE IF NO EMPLOYEE HAS COM-
5 PENSATION OVER SPECIFIED AMOUNT.—

6 “(A) IN GENERAL.—Except as provided in
7 subparagraph (B), if a defined benefit plan or
8 a defined contribution plan meets the require-
9 ments of sections 401(a)(4) and 410(b) with re-
10 spect to the availability of contributions, bene-
11 fits, and other plan features, then for all other
12 purposes, subparagraphs (A) and (C) of para-
13 graph (1) shall not apply to such plan.

14 “(B) EXCEPTION.—Subparagraph (A)
15 shall not apply to a plan to the extent provided
16 in regulations that are prescribed by the Sec-
17 retary to prevent the evasion of the purposes of
18 this paragraph.”

19 (c) REPEAL OF FAMILY AGGREGATION RULES.—

20 (1) IN GENERAL.—Paragraph (6) of section
21 414(q) is hereby repealed.

22 (2) COMPENSATION LIMIT.—Paragraph (17)(A)
23 of section 401(a) is amended by striking the last
24 sentence.

1 (3) DEDUCTION.—Subsection (l) of section 404
2 is amended by striking the last sentence.

3 (d) CONFORMING AMENDMENTS.—

4 (1) Paragraphs (4), (5), (8), and (12) of section
5 414(q) are hereby repealed.

6 (2)(A) Section 414(r) is amended by adding at
7 the end the following new paragraph:

8 “(9) EXCLUDED EMPLOYEES.—For purposes of
9 this subsection, the following employees shall be ex-
10 cluded:

11 “(A) Employees who have not completed 6
12 months of service.

13 “(B) Employees who normally work less
14 than 17½ hours per week.

15 “(C) Employees who normally work not
16 more than 6 months during any year.

17 “(D) Employees who have not attained the
18 age of 21.

19 “(E) Except to the extent provided in reg-
20 ulations, employees who are included in a unit
21 of employees covered by an agreement which
22 the Secretary of Labor finds to be a collective
23 bargaining agreement between employee rep-
24 resentatives and the employer.

1 Except as provided by the Secretary, the employer
2 may elect to apply subparagraph (A), (B), (C), or
3 (D) by substituting a shorter period of service,
4 smaller number of hours or months, or lower age for
5 the period of service, number of hours or months, or
6 age (as the case may be) specified in such subpara-
7 graph.”

8 (B) Subparagraph (A) of section 414(r)(2) is
9 amended by striking “subsection (q)(8)” and insert-
10 ing “paragraph (9)”.

11 (3) Section 1114(c)(4) of the Tax Reform Act
12 of 1986 is amended by adding at the end the follow-
13 ing new sentence: “Any reference in this paragraph
14 to section 414(q) shall be treated as a reference to
15 such section as in effect before the Pension Sim-
16 plification Act of 1995.”

17 (e) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to years beginning after Decem-
19 ber 31, 1995, except that in determining whether an em-
20 ployee is a highly compensated employee for years begin-
21 ning in 1996, such amendments shall be treated as having
22 been in effect for years beginning in 1995.

1 **SEC. 102. DEFINITION OF COMPENSATION FOR SECTION 415**

2 **PURPOSES.**

3 (a) GENERAL RULE.—Section 415(c)(3) (defining
4 participant's compensation) is amended by adding at the
5 end the following new subparagraph:

6 “(D) CERTAIN DEFERRALS INCLUDED.—

7 The term ‘participant’s compensation’ shall in-
8 clude—

9 “(i) any elective deferral (as defined
10 in section 402(g)(3)), and

11 “(ii) any amount which is contributed
12 by the employer of the election of the em-
13 ployee and which is not includible in the
14 gross income of the employee under section
15 125 or 457.”

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 414(q)(7) is amended to read as fol-
18 lows:

19 “(7) COMPENSATION.—For purposes of this
20 subsection, the term ‘compensation’ has the meaning
21 given such term by section 415(c)(3).”

22 (2) Section 414(s)(2) is amended by inserting
23 “not” after “elect” in the text and heading thereof.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to years beginning after December
26 31, 1995.

1 **SEC. 103. MODIFICATION OF ADDITIONAL PARTICIPATION**
2 **REQUIREMENTS.**

3 (a) GENERAL RULE.—Section 401(a)(26)(A) (relat-
4 ing to additional participation requirements) is amended
5 to read as follows:

6 “(A) IN GENERAL.—In the case of a trust
7 which is a part of a defined benefit plan, such trust
8 shall not constitute a qualified trust under this sub-
9 section unless on each day of the plan year such
10 trust benefits at least the lesser of—

11 “(i) 50 employees of the employer, or

12 “(ii) the greater of—

13 “(I) 40 percent of all employees of the
14 employer, or

15 “(II) 2 employees (or if there is only
16 1 employee, such employee).”

17 (b) SEPARATE LINE OF BUSINESS TEST.—Section
18 401(a)(26)(G) (relating to separate line of business) is
19 amended by striking “paragraph (7)” and inserting “para-
20 graph (2)(A) or (7)”.

21 (c) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to years beginning after Decem-
23 ber 31, 1995.

1 **SEC. 104. NONDISCRIMINATION RULES FOR QUALIFIED**
 2 **CASH OR DEFERRED ARRANGEMENTS AND**
 3 **MATCHING CONTRIBUTIONS.**

4 (a) ALTERNATIVE METHODS OF SATISFYING SEC-
 5 TION 401(k) NONDISCRIMINATION TESTS.—Section
 6 401(k) (relating to cash or deferred arrangements) is
 7 amended by adding at the end the following new para-
 8 graph:

9 “(11) ALTERNATIVE METHODS OF MEETING
 10 NONDISCRIMINATION REQUIREMENTS.—

11 “(A) IN GENERAL.—A cash or deferred ar-
 12 rangement shall be treated as meeting the re-
 13 quirements of paragraph (3)(A)(ii) if such ar-
 14 rangement—

15 “(i) meets the contribution require-
 16 ments of subparagraph (B) or (C), and

17 “(ii) meets the notice requirements of
 18 subparagraph (D).

19 “(B) MATCHING CONTRIBUTIONS.—

20 “(i) IN GENERAL.—The requirements
 21 of this subparagraph are met if, under the
 22 arrangement, the employer makes match-
 23 ing contributions on behalf of each em-
 24 ployee who is not a highly compensated
 25 employee in an amount equal to—

1 “(I) 100 percent of the elective
2 contributions of the employee to the
3 extent such elective contributions do
4 not exceed 3 percent of the employee’s
5 compensation, and

6 “(II) 50 percent of the elective
7 contributions of the employee to the
8 extent that such elective contributions
9 exceed 3 percent but do not exceed 5
10 percent of the employee’s compensa-
11 tion.

12 “(ii) RATE FOR HIGHLY COM-
13 PENSATED EMPLOYEES.—The require-
14 ments of this subparagraph are not met if,
15 under the arrangement, the matching con-
16 tribution with respect to any elective con-
17 tribution of a highly compensated employee
18 at any level of compensation is greater
19 than that with respect to an employee who
20 is not a highly compensated employee.

21 “(iii) ALTERNATIVE PLAN DESIGNS.—
22 If the matching contribution with respect
23 to any elective contribution at any specific
24 level of compensation is not equal to the
25 percentage required under clause (i), an

1 arrangement shall not be treated as
2 failing to meet the requirements of
3 clause (i) if—

4 “(I) the level of an employer’s
5 matching contribution does not in-
6 crease as an employee’s elective con-
7 tributions increase, and

8 “(II) the aggregate amount of
9 matching contributions with respect to
10 elective contributions not in excess of
11 such level of compensation is at least
12 equal to the amount of matching con-
13 tributions which would be made if
14 matching contributions were made on
15 the basis of the percentages described
16 in clause (i).

17 “(C) NONELECTIVE CONTRIBUTIONS.—

18 The requirements of this subparagraph are met
19 if, under the arrangement, the employer is re-
20 quired, without regard to whether the employee
21 makes an elective contribution or employee con-
22 tribution, to make a contribution to a defined
23 contribution plan on behalf of each employee
24 who is not a highly compensated employee and
25 who is eligible to participate in the arrangement

1 in an amount equal to at least 3 percent of the
2 employee's compensation.

3 “(D) NOTICE REQUIREMENT.—An ar-
4 rangement meets the requirements of this para-
5 graph if, under the arrangement, each employee
6 eligible to participate is, within a reasonable pe-
7 riod before any year, given written notice of the
8 employee's rights and obligations under the ar-
9 rangement which—

10 “(i) is sufficiently accurate and com-
11 prehensive to appraise the employee of
12 such rights and obligations, and

13 “(ii) is written in a manner calculated
14 to be understood by the average employee
15 eligible to participate.

16 “(E) OTHER REQUIREMENTS.—

17 “(i) WITHDRAWAL AND VESTING RE-
18 STRICTIONS.—An arrangement shall not be
19 treated as meeting the requirements of
20 subparagraph (B) or (C) unless the re-
21 quirements of subparagraphs (B) and (C)
22 of paragraph (2) are met with respect to
23 all employer contributions (including
24 matching contributions).

1 “(ii) SOCIAL SECURITY AND SIMILAR
2 CONTRIBUTIONS NOT TAKEN INTO AC-
3 COUNT.—An arrangement shall not be
4 treated as meeting the requirements of
5 subparagraph (B) or (C) unless such re-
6 quirements are met without regard to sub-
7 section (l), and, for purposes of subsection
8 (l), employer contributions under subpara-
9 graph (B) or (C) shall not be taken into
10 account.

11 “(F) OTHER PLANS.—An arrangement
12 shall be treated as meeting the requirements
13 under subparagraph (A)(i) if any other plan
14 maintained by the employer meets such require-
15 ments with respect to employees eligible under
16 the arrangement.”

17 (b) ALTERNATIVE METHODS OF SATISFYING SEC-
18 TION 401(m) NONDISCRIMINATION TESTS.—Section
19 401(m) (relating to nondiscrimination test for matching
20 contributions and employee contributions) is amended by
21 redesignating paragraph (10) as paragraph (11) and by
22 adding after paragraph (9) the following new paragraph:

23 “(10) ALTERNATIVE METHOD OF SATISFYING
24 TESTS.—

1 “(A) IN GENERAL.—A defined contribution
2 plan shall be treated as meeting the require-
3 ments of paragraph (2) with respect to match-
4 ing contributions if the plan—

5 “(i) meets the contribution require-
6 ments of subparagraph (B) or (C) of sub-
7 section (k)(11),

8 “(ii) meets the notice requirements of
9 subsection (k)(11)(D), and

10 “(iii) meets the requirements of sub-
11 paragraph (B).

12 “(B) LIMITATION ON MATCHING CON-
13 TRIBUTIONS.—The requirements of this sub-
14 paragraph are met if—

15 “(i) matching contributions on behalf
16 of any employee may not be made with
17 respect to an employee’s contributions or
18 elective deferrals in excess of 6 percent of
19 the employee’s compensation,

20 “(ii) the level of an employer’s match-
21 ing contribution does not increase as an
22 employee’s contributions or elective defer-
23 rals increase, and

24 “(iii) the matching contribution with
25 respect to any highly compensated em-

1 ployee at a specific level of compensation is
2 not greater than that with respect to an
3 employee who is not a highly compensated
4 employee.”

5 (c) YEAR FOR COMPUTING NONHIGHLY COM-
6 PENSATED EMPLOYEE PERCENTAGE.—

7 (1) CASH OR DEFERRED ARRANGEMENTS.—

8 Clause (ii) of section 401(k)(3)(A) is amended—

9 (A) by striking “such year” and inserting
10 “the plan year”, and

11 (B) by striking “for such plan year” and
12 inserting “the preceding plan year”.

13 (2) MATCHING AND EMPLOYEE CONTRIBU-
14 TIONS.—Section 401(m)(2)(A) is amended—

15 (A) by inserting “for such plan year” after
16 “highly compensated employee”, and

17 (B) by inserting “for the preceding plan
18 year” after “eligible employees” each place it
19 appears in clause (i) and clause (ii).

20 (d) SPECIAL RULE FOR DETERMINING AVERAGE DE-
21 FERRAL PERCENTAGE FOR FIRST PLAN YEAR, ETC.—

22 (1) Paragraph (3) of section 401(k) is amended
23 by adding at the end the following new subpara-
24 graph:

“(E) For purposes of this paragraph, in the case of the first plan year of any plan, the amount taken into account as the actual deferral percentage of nonhighly compensated employees for the preceding plan year shall be—

“(i) 3 percent, or

“(ii) if the employer makes an election under this subclause, the actual deferral percentage of nonhighly compensated employees determined for such first plan year.”

(2) Paragraph (3) of section 401(m) is amended by adding at the end thereof the following: “Rules similar to the rules of subsection (k)(3)(E) shall apply for purposes of this subsection.”

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1995.

TITLE II—SIMPLIFIED DISTRIBUTION RULES

SEC. 201. REPEAL OF 5-YEAR INCOME AVERAGING FOR LUMP-SUM DISTRIBUTIONS.

(a) IN GENERAL.—Subsection (d) of section 402 (relating to taxability of beneficiary of employees’ trust) is amended to read as follows:

1 “(d) TAXABILITY OF BENEFICIARY OF CERTAIN
2 FOREIGN SITUS TRUSTS.—For purposes of subsections
3 (a), (b), and (c), a stock bonus, pension, or profit-sharing
4 trust which would qualify for exemption from tax under
5 section 501(a) except for the fact that it is a trust created
6 or organized outside the United States shall be treated
7 as if it were a trust exempt from tax under section
8 501(a).”

9 (b) CONFORMING AMENDMENTS.—

10 (1) Subparagraph (D) of section 402(e)(4) (re-
11 lating to other rules applicable to exempt trusts) is
12 amended to read as follows:

13 “(D) LUMP-SUM DISTRIBUTION.—For pur-
14 poses of this paragraph—

15 “(i) IN GENERAL.—The term ‘lump
16 sum distribution’ means the distribution or
17 payment within one taxable year of the re-
18 cipient of the balance to the credit of an
19 employee which becomes payable to the re-
20 cipient—

21 “(I) on account of the employee’s
22 death,

23 “(II) after the employee attains
24 age 59½,

1 “(III) on account of the employ-
2 ee’s separation from service, or

3 “(IV) after the employee has be-
4 come disabled (within the meaning of
5 section 72(m)(7)),

6 from a trust which forms a part of a plan
7 described in section 401(a) and which is
8 exempt from tax under section 501 or from
9 a plan described in section 403(a).
10 Subclause (III) of this clause shall be ap-
11 plied only with respect to an individual
12 who is an employee without regard to sec-
13 tion 401(c)(1), and subclause (IV) shall be
14 applied only with respect to an employee
15 within the meaning of section 401(c)(1).
16 For purposes of this clause, a distribution
17 to two or more trusts shall be treated as
18 a distribution to one recipient. For pur-
19 poses of this paragraph, the balance to the
20 credit of the employee does not include the
21 accumulated deductible employee contribu-
22 tions under the plan (within the meaning
23 of section 72(o)(5)).

24 “(ii) AGGREGATION OF CERTAIN
25 TRUSTS AND PLANS.—For purposes of de-

1 terminating the balance to the credit of an
2 employee under clause (i)—

3 “(I) all trusts which are part of
4 a plan shall be treated as a single
5 trust, all pension plans maintained by
6 the employer shall be treated as a sin-
7 gle plan, all profit-sharing plans main-
8 tained by the employer shall be treat-
9 ed as a single plan, and all stock
10 bonus plans maintained by the em-
11 ployer shall be treated as a single
12 plan, and

13 “(II) trusts which are not quali-
14 fied trusts under section 401(a) and
15 annuity contracts which do not satisfy
16 the requirements of section 404(a)(2)
17 shall not be taken into account.

18 “(iii) COMMUNITY PROPERTY LAWS.—
19 The provisions of this paragraph shall be
20 applied without regard to community prop-
21 erty laws.

22 “(iv) AMOUNTS SUBJECT TO PEN-
23 ALTY.—This paragraph shall not apply to
24 amounts described in subparagraph (A) of

1 section 72(m)(5) to the extent that section
2 72(m)(5) applies to such amounts.

3 “(v) BALANCE TO CREDIT OF EM-
4 PLOYEE NOT TO INCLUDE AMOUNTS PAY-
5 ABLE UNDER QUALIFIED DOMESTIC RELA-
6 TIONS ORDER.—For purposes of this para-
7 graph, the balance to the credit of an em-
8 ployee shall not include any amount pay-
9 able to an alternate payee under a quali-
10 fied domestic relations order (within the
11 meaning of section 414(p)).

12 “(vi) TRANSFERS TO COST-OF-LIVING
13 ARRANGEMENT NOT TREATED AS DIS-
14 TRIBUTION.—For purposes of this para-
15 graph, the balance to the credit of an em-
16 ployee under a defined contribution plan
17 shall not include any amount transferred
18 from such defined contribution plan to a
19 qualified cost-of-living arrangement (within
20 the meaning of section 415(k)(2)) under a
21 defined benefit plan.

22 “(vii) LUMP-SUM DISTRIBUTIONS OF
23 ALTERNATE PAYEES.—If any distribution
24 or payment of the balance to the credit of
25 an employee would be treated as a lump-

1 sum distribution, then, for purposes of this
2 paragraph, the payment under a qualified
3 domestic relations order (within the mean-
4 ing of section 414(p)) of the balance to the
5 credit of an alternate payee who is the
6 spouse or former spouse of the employee
7 shall be treated as a lump-sum distribu-
8 tion. For purposes of this clause, the bal-
9 ance to the credit of the alternate payee
10 shall not include any amount payable to
11 the employee.”

12 (2) Section 402(c) (relating to rules applicable
13 to rollovers from exempt trusts) is amended by strik-
14 ing paragraph (10).

15 (3) Paragraph (1) of section 55(c) (defining
16 regular tax) is amended by striking “shall not in-
17 clude any tax imposed by section 402(d) and”.

18 (4) Paragraph (8) of section 62(a) (relating to
19 certain portion of lump-sum distributions from pen-
20 sion plans taxed under section 402(d)) is hereby re-
21 pealed.

22 (5) Section 401(a)(28)(B) (relating to coordina-
23 tion with distribution rules) is amended by striking
24 clause (v).

1 (6) Subparagraph (B)(ii) of section 401(k)(10)
2 (relating to distributions that must be lump-sum dis-
3 tributions) is amended to read as follows:

4 “(ii) LUMP-SUM DISTRIBUTION.—For pur-
5 poses of this subparagraph, the term ‘lump-sum
6 distribution’ means any distribution of the bal-
7 ance to the credit of an employee immediately
8 before the distribution.”

9 (7) Section 406(c) (relating to termination of
10 status as deemed employee not to be treated as sep-
11 aration from service for purposes of limitation of
12 tax) is hereby repealed.

13 (8) Section 407(c) (relating to termination of
14 status as deemed employee not to be treated as sep-
15 aration from service for purposes of limitation of
16 tax) is hereby repealed.

17 (9) Section 691(c) (relating to deduction for es-
18 tate tax) is amended by striking paragraph (5).

19 (10) Paragraph (1) of section 871(b) (relating
20 to imposition of tax) is amended by striking “section
21 1, 55, or 402(d)(1)” and inserting “section 1 or
22 55”.

23 (11) Subsection (b) of section 877 (relating to
24 alternative tax) is amended by striking “section 1,
25 55, or 402(d)(1)” and inserting “section 1 or 55”.

1 (12) Section 4980A(c)(4) is amended—

2 (A) by striking “to which an election under
3 section 402(d)(4)(B) applies” and inserting
4 “(as defined in section 402(e)(4)(D)) with re-
5 spect to which the individual elects to have this
6 paragraph apply”,

7 (B) by adding at the end the following new
8 flush sentence:

9 “An individual may elect to have this paragraph
10 apply to only one lump-sum distribution.”, and

11 (C) by striking the heading and inserting:
12 “(4) SPECIAL ONE-TIME ELECTION.—”.

13 (13) Section 402(e) is amended by striking
14 paragraph (5).

15 (c) EFFECTIVE DATES.—

16 (1) IN GENERAL.—The amendments made by
17 this section shall apply to taxable years beginning
18 after December 31, 1995.

19 (2) RETENTION OF CERTAIN TRANSITION
20 RULES.—Notwithstanding any other provision of
21 this section, the amendments made by this section
22 shall not apply to any distribution for which the tax-
23 payer elects the benefits of section 1122 (h)(3) or
24 (h)(5) of the Tax Reform Act of 1986. For purposes
25 of the preceding sentence, the rules of sections

1 402(c)(10) and 402(d) of the Internal Revenue Code
2 of 1986 (as in effect before the amendments made
3 by this Act) shall apply.

4 **SEC. 202. REPEAL OF \$5,000 EXCLUSION OF EMPLOYEES'**
5 **DEATH BENEFITS.**

6 (a) IN GENERAL.—Subsection (b) of section 101 is
7 hereby repealed.

8 (b) CONFORMING AMENDMENT.—Subsection (c) of
9 section 101 is amended by striking “subsection (a) or (b)”
10 and inserting “subsection (a)”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 1995.

14 **SEC. 203. SIMPLIFIED METHOD FOR TAXING ANNUITY DIS-**
15 **TRIBUTIONS UNDER CERTAIN EMPLOYER**
16 **PLANS.**

17 (a) GENERAL RULE.—Subsection (d) of section 72
18 (relating to annuities; certain proceeds of endowment and
19 life insurance contracts) is amended to read as follows:

20 “(d) SPECIAL RULES FOR QUALIFIED EMPLOYER
21 RETIREMENT PLANS.—

22 “(1) SIMPLIFIED METHOD OF TAXING ANNUITY
23 PAYMENTS.—

1 “(A) IN GENERAL.—In the case of any
2 amount received as an annuity under a quali-
3 fied employer retirement plan—

4 “(i) subsection (b) shall not apply,
5 and

6 “(ii) the investment in the contract
7 shall be recovered as provided in this para-
8 graph.

9 “(B) METHOD OF RECOVERING INVEST-
10 MENT IN CONTRACT.—

11 “(i) IN GENERAL.—Gross income
12 shall not include so much of any monthly
13 annuity payment under a qualified em-
14 ployer retirement plan as does not exceed
15 the amount obtained by dividing—

16 “(I) the investment in the con-
17 tract (as of the annuity starting date),
18 by

19 “(II) the number of anticipated
20 payments determined under the table
21 contained in clause (iii) (or, in the
22 case of a contract to which subsection
23 (c)(3)(B) applies, the number of
24 monthly annuity payments under such
25 contract).

1 “(ii) CERTAIN RULES MADE APPLICA-
 2 BLE.—Rules similar to the rules of para-
 3 graphs (2) and (3) of subsection (b) shall
 4 apply for purposes of this paragraph.

5 “(iii) NUMBER OF ANTICIPATED PAY-
 6 MENTS.—

“If the age of the primary annuitant on the annuity starting date is:	The number of anticipated payments is:
Not more than 55	300
More than 55 but not more than 60 ...	260
More than 60 but not more than 65 ...	240
More than 65 but not more than 70 ...	170
More than 70	120

7 “(C) ADJUSTMENT FOR REFUND FEATURE
 8 NOT APPLICABLE.—For purposes of this para-
 9 graph, investment in the contract shall be de-
 10 termined under subsection (c)(1) without re-
 11 gard to subsection (c)(2).

12 “(D) SPECIAL RULE WHERE LUMP SUM
 13 PAID IN CONNECTION WITH COMMENCEMENT
 14 OF ANNUITY PAYMENTS.—If, in connection with
 15 the commencement of annuity payments under
 16 any qualified employer retirement plan, the tax-
 17 payer receives a lump sum payment—

18 “(i) such payment shall be taxable
 19 under subsection (e) as if received before
 20 the annuity starting date, and

1 “(ii) the investment in the contract
2 for purposes of this paragraph shall be de-
3 termined as if such payment had been so
4 received.

5 “(E) EXCEPTION.—This paragraph shall
6 not apply in any case where the primary annu-
7 itant has attained age 75 on the annuity start-
8 ing date unless there are fewer than 5 years of
9 guaranteed payments under the annuity.

10 “(F) ADJUSTMENT WHERE ANNUITY PAY-
11 MENTS NOT ON MONTHLY BASIS.—In any case
12 where the annuity payments are not made on a
13 monthly basis, appropriate adjustments in the
14 application of this paragraph shall be made to
15 take into account the period on the basis of
16 which such payments are made.

17 “(G) QUALIFIED EMPLOYER RETIREMENT
18 PLAN.—For purposes of this paragraph, the
19 term ‘qualified employer retirement plan’ means
20 any plan or contract described in paragraph
21 (1), (2), or (3) of section 4974(c).

22 “(2) TREATMENT OF EMPLOYEE CONTRIBU-
23 TIONS UNDER DEFINED CONTRIBUTION PLANS.—
24 For purposes of this section, employee contributions
25 (and any income allocable thereto) under a defined

1 contribution plan may be treated as a separate con-
 2 tract.”

3 (b) EFFECTIVE DATE.—The amendment made by
 4 this section shall apply in cases where the annuity starting
 5 date is after December 31, 1995.

6 **SEC. 204. REQUIRED DISTRIBUTIONS.**

7 (a) IN GENERAL.—Section 401(a)(9)(C) (defining re-
 8 quired beginning date) is amended to read as follows:

9 “(C) REQUIRED BEGINNING DATE.—For
 10 purposes of this paragraph—

11 “(i) IN GENERAL.—The term ‘re-
 12 quired beginning date’ means April 1 of
 13 the calendar year following the later of—

14 “(I) the calendar year in which
 15 the employee attains age 70½, or

16 “(II) the calendar year in which
 17 the employee retires.

18 “(ii) EXCEPTION.—Subclause (II) of
 19 clause (i) shall not apply—

20 “(I) except as provided in section
 21 409(d), in the case of an employee
 22 who is a 5-percent owner (as defined
 23 in section 416) with respect to the
 24 plan year ending in the calendar year

1 in which the employee attains age
2 70^{1/2}, or

3 “(II) for purposes of section 408
4 (a)(6) or (b)(3).

5 “(iii) ACTUARIAL ADJUSTMENT.—In
6 the case of an employee to whom clause
7 (i)(II) applies who retires in a calendar
8 year after the calendar year in which the
9 employee attains age 70^{1/2}, the employee’s
10 accrued benefit shall be actuarially in-
11 creased to take into account the period
12 after age 70^{1/2} in which the employee was
13 not receiving any benefits under the plan.

14 “(iv) EXCEPTION FOR GOVERN-
15 MENTAL AND CHURCH PLANS.—Clauses
16 (ii) and (iii) shall not apply in the case of
17 a governmental plan or church plan. For
18 purposes of this clause, the term ‘church
19 plan’ means a plan maintained by a church
20 for church employees, and the term
21 ‘church’ means any church (as defined in
22 section 3121(w)(3)(A)) or qualified church-
23 controlled organization (as defined in sec-
24 tion 3121(w)(3)(B)).”

1 (b) EFFECTIVE DATE.—The amendment made by
 2 subsection (a) shall apply to years beginning after Decem-
 3 ber 31, 1995.

4 **TITLE III—TARGETED ACCESS**
 5 **TO PENSION PLANS FOR**
 6 **SMALL EMPLOYERS**

7 **SEC. 301. CREDIT FOR PENSION PLAN START-UP COSTS OF**
 8 **SMALL EMPLOYERS.**

9 (a) ALLOWANCE OF CREDIT.—Section 38(b) (defin-
 10 ing current year business credit) is amended by striking
 11 “plus” at the end of paragraph (10), by striking the period
 12 at the end of paragraph (11) and inserting “, plus”, and
 13 by adding at the end the following new paragraph:

14 “(12) the small employer pension plan start-up
 15 cost credit.”

16 (b) SMALL EMPLOYER PENSION PLAN START-UP
 17 COST CREDIT.—Subpart D of part IV of subchapter A
 18 of chapter 1 (relating to business related credits) is
 19 amended by adding at the end the following new section:

20 **“SEC. 45C. SMALL EMPLOYER PENSION PLAN START-UP**
 21 **COST CREDIT.**

22 “(a) AMOUNT OF CREDIT.—For purposes of section
 23 38—

24 “(1) IN GENERAL.—The small employer pen-
 25 sion plan start-up cost credit for any taxable year is

1 an amount equal to the qualified start-up costs of an
2 eligible employer in establishing a qualified pension
3 plan.

4 “(2) AGGREGATE LIMITATION.—The amount of
5 the credit under paragraph (1) for any taxable year
6 shall not exceed \$1,000, reduced by the aggregate
7 amount determined under this section for all preced-
8 ing taxable years of the taxpayer.

9 “(b) QUALIFIED START-UP COSTS; QUALIFIED PEN-
10 SION PLAN.—For purposes of this section—

11 “(1) QUALIFIED START-UP COSTS.—The term
12 ‘qualified start-up costs’ means any ordinary and
13 necessary expenses of an eligible employer which—

14 “(A) are paid or incurred in connection
15 with the establishment of a qualified pension
16 plan, and

17 “(B) are of a nonrecurring nature.

18 “(2) QUALIFIED PENSION PLAN.—The term
19 ‘qualified pension plan’ means—

20 “(A) a plan described in section 401(a)
21 which includes a trust exempt from tax under
22 section 501(a), or

23 “(B) a simplified employee pension (as de-
24 fined in section 408(k)).

1 “(c) ELIGIBLE EMPLOYER.—For purposes of this
2 section—

3 “(1) IN GENERAL.—The term ‘eligible em-
4 ployer’ means an employer which—

5 “(A) had an average daily number of em-
6 ployees during the preceding taxable year not in
7 excess of 50, and

8 “(B) did not make any contributions on
9 behalf of any employee to a qualified pension
10 plan during the 2 taxable years immediately
11 preceding the taxable year.

12 “(2) PROFESSIONAL SERVICE EMPLOYERS EX-
13 CLUDED.—Such term shall not include an employer
14 substantially all of the activities of which involve the
15 performance of services in the fields of health, law,
16 engineering, architecture, accounting, actuarial
17 science, performing arts, or consulting.

18 “(d) SPECIAL RULES.—For purposes of this sec-
19 tion—

20 “(1) AGGREGATION RULES.—All persons treat-
21 ed as a single employer under subsection (a) or (b)
22 of section 52 or subsection (n) or (o) of section 414
23 shall be treated as one person.

24 “(2) DISALLOWANCE OF DEDUCTION.—No de-
25 duction shall be allowable under this chapter for any

1 qualified start-up costs for which a credit is allow-
 2 able under subsection (a).”

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 39(d) is amended by adding at the
 5 end the following new paragraph:

6 “(7) NO CARRYBACK OF PENSION CREDIT.—No
 7 portion of the unused business credit for any taxable
 8 year which is attributable to the small employer pen-
 9 sion plan start-up cost credit determined under sec-
 10 tion 45C may be carried back to a taxable year end-
 11 ing before the date of the enactment of section
 12 45C.”

13 (2) The table of sections for subpart D of part
 14 IV of subchapter A of chapter 1 is amended by add-
 15 ing at the end the following new item:

“Sec. 45C. Small employer pension plan start-up cost credit.”

16 (d) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to costs incurred after the date
 18 of the enactment of this Act in taxable years ending after
 19 such date.

20 **SEC. 302. MODIFICATIONS OF SIMPLIFIED EMPLOYEE PEN-**
 21 **SIONS.**

22 (a) INCREASE IN NUMBER OF ALLOWABLE PARTICI-
 23 PANTS FOR SALARY REDUCTION ARRANGEMENTS.—Sec-
 24 tion 408(k)(6)(B) is amended by striking “25” each place

1 it appears in the text and heading thereof and inserting
2 “100”.

3 (b) REPEAL OF PARTICIPATION REQUIREMENT.—

4 (1) IN GENERAL.—Section 408(k)(6)(A) is
5 amended by striking clause (ii) and by redesignating
6 clauses (iii) and (iv) as clauses (ii) and (iii), respec-
7 tively.

8 (2) CONFORMING AMENDMENTS.—Clause (ii) of
9 section 408(k)(6)(C) and clause (ii) of section
10 408(k)(6)(F) are each amended by striking “sub-
11 paragraph (A)(iii)” and inserting “subparagraph
12 (A)(ii)”.

13 (c) ALTERNATIVE TEST.—Clause (ii) of section
14 408(k)(6)(A), as redesignated by subsection (b)(1), is
15 amended by adding at the end the following new flush sen-
16 tence:

17 “The requirements of the preceding sen-
18 tence are met if the employer makes con-
19 tributions to the simplified employee pen-
20 sion meeting the requirements of sections
21 401(k)(11) (B) or (C), 401(k)(11)(D), and
22 401(m)(10)(B).”

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to years beginning after December
25 31, 1995.

1 **SEC. 303. EXEMPTION FROM TOP-HEAVY PLAN REQUIRE-**
 2 **MENTS.**

3 (a) EXEMPTION FROM TOP-HEAVY PLAN REQUIRE-
 4 MENTS.—Section 416(g) (defining top-heavy plans) is
 5 amended by adding at the end the following new para-
 6 graph:

7 “(3) EXEMPTION FOR CERTAIN PLANS.—A plan
 8 shall not be treated as a top-heavy plan if, for such
 9 plan year, the employer has no highly compensated
 10 employees (as defined in section 414(q)) by reason
 11 of section 414(q)(2).”

12 (b) EFFECTIVE DATE.—The amendment made by
 13 this section shall apply to years beginning after December
 14 31, 1995.

15 **SEC. 304. TAX-EXEMPT ORGANIZATIONS ELIGIBLE UNDER**
 16 **SECTION 401(k).**

17 (a) GENERAL RULE.—Clause (ii) of section
 18 401(k)(4)(B) is amended to read as follows:

19 “(ii) any organization described in
 20 section 501(c)(3) which is exempt from tax
 21 under section 501(a).”

22 (b) EFFECTIVE DATE.—The amendment made by
 23 this section shall apply to plan years beginning after De-
 24 cember 31, 1995, but shall not apply to any cash or de-
 25 ferred arrangement to which clause (i) of section
 26 1116(f)(2)(B) of the Tax Reform Act of 1986 applies.

1 **SEC. 305. REGULATORY TREATMENT OF SMALL EMPLOY-**
2 **ERS.**

3 (a) IN GENERAL.—Section 7805(f) (relating to re-
4 view of impact of regulations on small business) is amend-
5 ed by adding at the end the following new subparagraph:

6 “(4) SPECIAL RULE FOR PENSION REGULA-
7 TIONS.—

8 “(A) IN GENERAL.—Any regulation pro-
9 posed to be issued by the Secretary which re-
10 lates to qualified pension plans shall not take
11 effect unless the Secretary includes provisions
12 to address any special needs of the small em-
13 ployers.

14 “(B) QUALIFIED PENSION PLAN.—For
15 purposes of this paragraph, the term ‘qualified
16 pension plan’ means—

17 “(i) any plan which includes a trust
18 described in section 401(a) which is ex-
19 empt from tax under section 501(a), or

20 “(ii) any simplified employee pension
21 (as defined in section 408(k)).”

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to regulations issued after the date
24 of the enactment of this Act.

TITLE IV—PAPERWORK REDUCTION

SEC. 401. REPEAL OF COMBINED SECTION 415 LIMIT.

(a) IN GENERAL.—Section 415(e) (relating to limitation in case of defined benefit plan and defined contribution plan for same employee) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 415(b)(5) is amended by striking “and subsection (e)”.

(2) Section 415(f)(1) is amended by striking “, (c), and (e)” and inserting “and (c)”.

(3) Section 415(g) is amended by striking “subsections (e) and (f)” and inserting “subsection (f)”.

(4) Section 415(k)(2)(A) is amended—

(A) by striking clause (i) and inserting:

“(i) any contribution made directly by an employee under such arrangement shall not be treated as an annual addition for purposes of subsection (c), and”, and

(B) by striking “subsections (c) and (e)” in clause (ii) and inserting “subsection (c)”.

(5) Section 416(h) is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1995.

1 **SEC. 402. DUTIES OF SPONSORS OF CERTAIN PROTOTYPE**
2 **PLANS.**

3 (a) IN GENERAL.—The Secretary of the Treasury
4 may, as a condition of sponsorship, prescribe rules defin-
5 ing the duties and responsibilities of sponsors of master
6 and prototype plans, regional prototype plans, and other
7 Internal Revenue Service preapproved plans.

8 (b) DUTIES RELATING TO PLAN AMENDMENT, NOTI-
9 FICATION OF ADOPTERS, AND PLAN ADMINISTRATION.—
10 The duties and responsibilities referred to in subsection
11 (a) may include—

12 (1) the maintenance of lists of persons adopting
13 the sponsor's plans, including the updating of such
14 lists not less frequently than annually,

15 (2) the furnishing of notices at least annually
16 to such persons and to the Secretary or the Sec-
17 retary's delegate, in such form and at such time as
18 the Secretary shall prescribe,

19 (3) duties relating to administrative services to
20 such persons in the operation of their plans, and

21 (4) other duties that the Secretary considers
22 necessary to ensure that—

23 (A) the master and prototype, regional
24 prototype, and other preapproved plans of
25 adopting employers are timely amended to meet
26 the requirements of the Internal Revenue Code

1 of 1986 or of any rule or regulation of the Sec-
 2 retary, and

3 (B) adopting employers receive timely noti-
 4 fication of amendments and other actions taken
 5 by sponsors with respect to their plans.

6 **TITLE V—MISCELLANEOUS** 7 **SIMPLIFICATION**

8 **SEC. 501. TREATMENT OF LEASED EMPLOYEES.**

9 (a) GENERAL RULE.—Subparagraph (C) of section
 10 414(n)(2) (defining leased employee) is amended to read
 11 as follows:

12 “(C) such services are performed under
 13 significant direction or control by the recipi-
 14 ent.”

15 (b) EFFECTIVE DATE.—The amendment made by
 16 subsection (a) shall apply to years beginning after Decem-
 17 ber 31, 1995, but shall not apply to any relationship deter-
 18 mined under an Internal Revenue Service ruling issued be-
 19 fore the date of the enactment of this Act pursuant to
 20 section 414(n)(2)(C) of the Internal Revenue Code of
 21 1986 (as in effect on the day before such date) not to
 22 involve a leased employee.

23 **SEC. 502. PLANS COVERING SELF-EMPLOYED INDIVIDUALS.**

24 (a) AGGREGATION RULES.—Section 401(d) (relating
 25 to additional requirements for qualification of trusts and

1 plans benefiting owner-employees) is amended to read as
2 follows:

3 “(d) CONTRIBUTION LIMIT ON OWNER-EMPLOY-
4 EES.—A trust forming part of a pension or profit-sharing
5 plan which provides contributions or benefits for employ-
6 ees some or all of whom are owner-employees shall con-
7 stitute a qualified trust under this section only if, in addi-
8 tion to meeting the requirements of subsection (a), the
9 plan provides that contributions on behalf of any owner-
10 employee may be made only with respect to the earned
11 income of such owner-employee which is derived from the
12 trade or business with respect to which such plan is estab-
13 lished.”

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to years beginning after December
16 31, 1995.

17 **SEC. 503. ELIMINATION OF SPECIAL VESTING RULE FOR**
18 **MULTIEMPLOYER PLANS.**

19 (a) IN GENERAL.—Paragraph (2) of section 411(a)
20 (relating to minimum vesting standards) is amended—

- 21 (1) by striking “subparagraph (A), (B), or (C)”
22 and inserting “subparagraph (A) or (B)”; and
23 (2) by striking subparagraph (C).

1 (b) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to plan years beginning on or after
 3 the earlier of—

4 (1) the later of—

5 (A) January 1, 1996, or

6 (B) the date on which the last of the col-
 7 lective bargaining agreements pursuant to
 8 which the plan is maintained terminates (deter-
 9 mined without regard to any extension thereof
 10 after the date of the enactment of this Act), or

11 (2) January 1, 1998.

12 Such amendments shall not apply to any individual who
 13 does not have more than 1 hour of service under the plan
 14 on or after the 1st day of the 1st plan year to which such
 15 amendments apply.

16 **SEC. 504. FULL-FUNDING LIMITATION OF MULTIEMPLOYER**
 17 **PLANS.**

18 (a) FULL-FUNDING LIMITATION.—Section
 19 412(c)(7)(C) (relating to full-funding limitation) is
 20 amended—

21 (1) by inserting “or in the case of a multiem-
 22 ployer plan,” after “paragraph (6)(B),”, and

23 (2) by inserting “AND MULTIEMPLOYER PLANS”
 24 after “PARAGRAPH (6)(B)” in the heading thereof.

25 (b) VALUATION.—Section 412(c)(9) is amended—

1 (1) by inserting “(3 years in the case of a mul-
2 tiemployer plan)” after “year”, and

3 (2) by striking “ANNUAL VALUATION” in the
4 heading and inserting “VALUATION”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to years beginning after December
7 31, 1995.

8 **SEC. 505. ALTERNATIVE FULL-FUNDING LIMITATION.**

9 (a) IN GENERAL.—Subsection (c) of section 412 (re-
10 lating to minimum funding standards) is amended by re-
11 designating paragraphs (8) through (12) as paragraphs
12 (9) through (13), respectively, and by adding after para-
13 graph (7) the following new paragraph:

14 “(8) ALTERNATIVE FULL-FUNDING LIMITA-
15 TION.—

16 “(A) GENERAL RULE.—An employer may
17 elect the full-funding limitation under this para-
18 graph with respect to any defined benefit plan
19 of the employer in lieu of the full-funding limi-
20 tation determined under paragraph (7) if the
21 requirements of subparagraphs (C) and (D) are
22 met.

23 “(B) ALTERNATIVE FULL-FUNDING LIM-
24 TATION.—The full-funding limitation under this
25 paragraph is the full-funding limitation deter-

1 mined under paragraph (7) without regard to
2 subparagraph (A)(i)(I) thereof.

3 “(C) REQUIREMENTS RELATING TO PLAN
4 ELIGIBILITY.—

5 “(i) IN GENERAL.—The requirements
6 of this subparagraph are met with respect
7 to a defined benefit plan if—

8 “(I) as of the 1st day of the elec-
9 tion period, the average accrued liabil-
10 ity of participants accruing benefits
11 under the plan for the 5 immediately
12 preceding plan years is at least 80
13 percent of the plan’s total accrued li-
14 ability,

15 “(II) the plan is not a top-heavy
16 plan (as defined in section 416(g)) for
17 the 1st plan year of the election pe-
18 riod or either of the 2 preceding plan
19 years, and

20 “(III) each defined benefit plan
21 of the employer (and each defined
22 benefit plan of each employer who is
23 a member of any controlled group
24 which includes such employer) meets

1 the requirements of subclauses (I) and
2 (II).

3 “(ii) FAILURE TO CONTINUE TO MEET
4 REQUIREMENTS.—

5 “(I) If any plan fails to meet the
6 requirement of clause (i)(I) for any
7 plan year during an election period,
8 the benefits of the election under this
9 paragraph shall be phased out under
10 regulations prescribed by the Sec-
11 retary.

12 “(II) If any plan fails to meet
13 the requirement of clause (i)(II) for
14 any plan year during an election pe-
15 riod, such plan shall be treated as not
16 meeting the requirements of clause (i)
17 for the remainder of the election pe-
18 riod.

19 If there is a failure described in subclause
20 (I) or (II) with respect to any plan, such
21 plan (and each plan described in clause
22 (i)(III) with respect to such plan) shall be
23 treated as not meeting the requirements of
24 clause (i) for any of the 10 plan years be-
25 ginning after the election period.

1 “(D) REQUIREMENTS RELATING TO ELEC-
2 TION.—The requirements of this subparagraph
3 are met with respect to an election if—

4 “(i) FILING DATE.—Notice of such
5 election is filed with the Secretary (in such
6 form and manner and containing such in-
7 formation as the Secretary may provide)
8 by January 1 of any calendar year, and is
9 effective as of the 1st day of the election
10 period beginning on or after January 1 of
11 the following calendar year.

12 “(ii) CONSISTENT ELECTION.—Such
13 an election is made for all defined benefit
14 plans maintained by the employer or by
15 any member of a controlled group which
16 includes the employer.

17 “(E) TERM OF ELECTION.—Any election
18 made under this paragraph shall apply for the
19 election period.

20 “(F) OTHER CONSEQUENCES OF ELEC-
21 TION.—

22 “(i) NO FUNDING WAIVERS.—In the
23 case of a plan with respect to which an
24 election is made under this paragraph, no
25 waiver may be granted under subsection

1 (d) for any plan year beginning after the
2 date the election was made and ending at
3 the close of the election period with respect
4 thereto.

5 “(ii) FAILURE TO MAKE SUCCESSIVE
6 ELECTIONS.—If an election is made under
7 this paragraph with respect to any plan
8 and such an election does not apply for
9 each successive plan year of such plan,
10 such plan shall be treated as not meeting
11 the requirements of subparagraph (C) for
12 the period of 10 plan years beginning after
13 the close of the last election period for
14 such plan.

15 “(G) DEFINITIONS.—For purposes of this
16 paragraph—

17 “(i) ELECTION PERIOD.—The term
18 ‘election period’ means the period of 5 con-
19 secutive plan years beginning with the 1st
20 plan year for which the election is made.

21 “(ii) CONTROLLED GROUP.—The term
22 ‘controlled group’ means all persons who
23 are treated as a single employer under sub-
24 section (b), (c), (m), or (o) of section
25 414.”

1 (b) ALTERATION OF DISCRETIONARY REGULATORY
 2 AUTHORITY.—Subparagraph (D) of section 412(c)(7) is
 3 amended by striking “provide—” and all that follows
 4 through “(iii) for” and inserting “provide for”.

5 (c) EFFECTIVE DATES.—

6 (1) IN GENERAL.—The amendments made by
 7 this section shall take effect on January 1, 1997.

8 (2) TRANSITION PERIOD.—In the case of a plan
 9 with respect to which a transition period election is
 10 made under section 412(c)(8)(D)(ii) of the Internal
 11 Revenue Code of 1986 (as added by this section),
 12 the amendments made by this section shall take ef-
 13 fect on July 1, 1996.

14 **SEC. 506. AFFILIATED EMPLOYERS.**

15 (a) IN GENERAL.—For purposes of Treasury Regula-
 16 tions section 1.501(c)(9)–2(a)(1), a group of employers
 17 shall be deemed to be affiliated if they are substantially
 18 all section 501(c)(12) organizations which perform serv-
 19 ices (or with respect to which their members perform serv-
 20 ices) which are the same or are directly related to each
 21 other.

22 (b) SECTION 501(c)(12) ORGANIZATION.—For pur-
 23 poses of this section, the term “section 501(c)(12) organi-
 24 zation” means—

1 (1) any organization described in section
2 501(c)(12) of the Internal Revenue Code of 1986,

3 (2) any organization providing a service which
4 is the same as a service which is (or could be) pro-
5 vided by an organization described in paragraph (1),

6 (3) any organization described in paragraph (4)
7 or (6) of section 501(c) of such Code, but only if at
8 least 80 percent of the members of the organization
9 are organizations described in paragraph (1) or (2),
10 and

11 (4) any organization which is a national asso-
12 ciation of organizations described in paragraph (1),
13 (2), or (3).

14 An organization described in paragraph (2) (but not in
15 paragraph (1)) shall not be treated as a section 501(c)(12)
16 organization with respect to a voluntary employees' bene-
17 ficiary association unless a substantial number of employ-
18 ers maintaining such association are described in para-
19 graph (1).

20 (c) EFFECTIVE DATE.—The provisions of this section
21 shall apply to years beginning after December 31, 1995.

1 **SEC. 507. TREATMENT OF GOVERNMENTAL PLANS UNDER**
2 **SECTION 415.**

3 (a) COMPENSATION LIMIT.—Subsection (b) of sec-
4 tion 415 is amended by adding immediately after para-
5 graph (10) the following new paragraph:

6 “(11) SPECIAL LIMITATION RULE FOR GOVERN-
7 MENTAL PLANS.—In the case of a governmental
8 plan (as defined in section 414(d)), subparagraph
9 (B) of paragraph (1) shall not apply.”

10 (b) TREATMENT OF CERTAIN EXCESS BENEFIT
11 PLANS.—

12 (1) IN GENERAL.—Section 415 is amended by
13 adding at the end the following new subsection:

14 “(m) TREATMENT OF QUALIFIED GOVERNMENTAL
15 EXCESS BENEFIT ARRANGEMENTS.—

16 “(1) GOVERNMENTAL PLAN NOT AFFECTED.—
17 In determining whether a governmental plan (as de-
18 fined in section 414(d)) meets the requirements of
19 this section, benefits provided under a qualified gov-
20 ernmental excess benefit arrangement shall not be
21 taken into account. Income accruing to a govern-
22 mental plan (or to a trust that is maintained solely
23 for the purpose of providing benefits under a quali-
24 fied governmental excess benefit arrangement) in re-
25 spect of a qualified governmental excess benefit ar-
26 rangement shall constitute income derived from the

1 exercise of an essential governmental function upon
2 which such governmental plan (or trust) shall be ex-
3 empt from tax under section 115.

4 “(2) TAXATION OF PARTICIPANT.—For pur-
5 poses of this chapter—

6 “(A) the taxable year or years for which
7 amounts in respect of a qualified governmental
8 excess benefit arrangement are includible in
9 gross income by a participant, and

10 “(B) the treatment of such amounts when
11 so includible by the participant,
12 shall be determined as if such qualified govern-
13 mental excess benefit arrangement were treated as a
14 plan for the deferral of compensation which is main-
15 tained by a corporation not exempt from tax under
16 this chapter and which does not meet the require-
17 ments for qualification under section 401.

18 “(3) QUALIFIED GOVERNMENTAL EXCESS BEN-
19 EFIT ARRANGEMENT.—For purposes of this sub-
20 section, the term ‘qualified governmental excess ben-
21 efit arrangement’ means a portion of a governmental
22 plan if—

23 “(A) such portion is maintained solely for
24 the purpose of providing to participants in the
25 plan that part of the participant’s annual bene-

1 fit otherwise payable under the terms of the
2 plan that exceeds the limitations on benefits im-
3 posed by this section,

4 “(B) under such portion no election is pro-
5 vided at any time to the participant (directly or
6 indirectly) to defer compensation, and

7 “(C) benefits described in subparagraph
8 (A) are not paid from a trust forming a part
9 of such governmental plan unless such trust is
10 maintained solely for the purpose of providing
11 such benefits.”

12 (2) COORDINATION WITH SECTION 457.—Sub-
13 section (e) of section 457 is amended by adding at
14 the end the following new paragraph:

15 “(14) TREATMENT OF QUALIFIED GOVERN-
16 MENTAL EXCESS BENEFIT ARRANGEMENTS.—Sub-
17 sections (b)(2) and (c)(1) shall not apply to any
18 qualified governmental excess benefit arrangement
19 (as defined in section 415(m)(3)), and benefits pro-
20 vided under such an arrangement shall not be taken
21 into account in determining whether any other plan
22 is an eligible deferred compensation plan.”

23 (3) CONFORMING AMENDMENT.—Paragraph (2)
24 of section 457(f) is amended by striking the word
25 “and” at the end of subparagraph (C), by striking

1 the period after subparagraph (D) and inserting “,
2 and”, and by adding at the end the following new
3 subparagraph:

4 “(E) a qualified governmental excess bene-
5 fit arrangement described in section 415(m).”

6 (c) EXEMPTION FOR SURVIVOR AND DISABILITY
7 BENEFITS.—Paragraph (2) of section 415(b) is amended
8 by adding at the end the following new subparagraph:

9 “(I) EXEMPTION FOR SURVIVOR AND DIS-
10 ABILITY BENEFITS PROVIDED UNDER GOVERN-
11 MENTAL PLANS.—Subparagraph (B) of para-
12 graph (1), subparagraph (C) of this paragraph,
13 and paragraph (5) shall not apply to—

14 “(i) income received from a govern-
15 mental plan (as defined in section 414(d))
16 as a pension, annuity, or similar allowance
17 as the result of the recipient becoming dis-
18 abled by reason of personal injuries or
19 sickness, or

20 “(ii) amounts received from a govern-
21 mental plan by the beneficiaries, survivors,
22 or the estate of an employee as the result
23 of the death of the employee.”

24 (d) REVOCATION OF GRANDFATHER ELECTION.—

1 (1) IN GENERAL.—Subparagraph (C) of section
2 415(b)(10) is amended by adding at the end the fol-
3 lowing new clause:

4 “(ii) REVOCATION OF ELECTION.—An
5 election under clause (i) may be revoked
6 not later than the last day of the third
7 plan year beginning after the date of the
8 enactment of this clause. The revocation
9 shall apply to all plan years to which the
10 election applied and to all subsequent plan
11 years. Any amount paid by a plan in a tax-
12 able year ending after the revocation shall
13 be includible in income in such taxable
14 year under the rules of this chapter in ef-
15 fect for such taxable year, except that, for
16 purposes of applying the limitations im-
17 posed by this section, any portion of such
18 amount which is attributable to any tax-
19 able year during which the election was in
20 effect shall be treated as received in such
21 taxable year.”

22 (2) CONFORMING AMENDMENT.—Subparagraph
23 (C) of section 415(b)(10) is amended by striking
24 “‘This’” and inserting:

25 “(i) IN GENERAL.—‘This’”.

1 (e) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by
3 subsections (a), (b), (c), and (d) shall apply to tax-
4 able years beginning on or after the date of the en-
5 actment of this Act. The amendments made by sub-
6 section (e) shall apply with respect to revocations
7 adopted after the date of the enactment of this Act.

8 (2) TREATMENT FOR YEARS BEGINNING BE-
9 FORE DATE OF ENACTMENT.—A governmental plan
10 (as defined in section 414(d) of the Internal Reve-
11 nue Code of 1986) shall be treated as satisfying the
12 requirements of section 415 of such Code for all tax-
13 able years beginning before the date of the enact-
14 ment of this Act.

15 **SEC. 508. TREATMENT OF DEFERRED COMPENSATION**
16 **PLANS OF STATE AND LOCAL GOVERNMENTS**
17 **AND TAX-EXEMPT ORGANIZATIONS.**

18 (a) SPECIAL RULES FOR PLAN DISTRIBUTIONS.—
19 Paragraph (9) of section 457(e) (relating to other defini-
20 tions and special rules) is amended to read as follows:

21 “(9) BENEFITS NOT TREATED AS MADE AVAIL-
22 ABLE BY REASON OF CERTAIN ELECTIONS, ETC.—

23 “(A) TOTAL AMOUNT PAYABLE IS \$3,500
24 OR LESS.—The total amount payable to a par-
25 ticipant under the plan shall not be treated as

1 made available merely because the participant
2 may elect to receive such amount (or the plan
3 may distribute such amount without the partici-
4 pant's consent) if—

5 “(i) such amount does not exceed
6 \$3,500, and

7 “(ii) such amount may be distributed
8 only if—

9 “(I) no amount has been deferred
10 under the plan with respect to such
11 participant during the 2-year period
12 ending on the date of the distribution,
13 and

14 “(II) there has been no prior dis-
15 tribution under the plan to such par-
16 ticipant to which this subparagraph
17 applied.

18 A plan shall not be treated as failing to
19 meet the distribution requirements of sub-
20 section (d) by reason of a distribution to which
21 this subparagraph applies.

22 “(B) ELECTION TO DEFER COMMENCE-
23 MENT OF DISTRIBUTIONS.—The total amount
24 payable to a participant under the plan shall
25 not be treated as made available merely because

1 the participant may elect to defer commence-
2 ment of distributions under the plan if—

3 “(i) such election is made after
4 amounts may be available under the plan
5 in accordance with subsection (d)(1)(A)
6 and before commencement of such dis-
7 tributions, and

8 “(ii) the participant may make only 1
9 such election.”

10 (b) COST-OF-LIVING ADJUSTMENT OF MAXIMUM DE-
11 FERRAL AMOUNT.—Subsection (e) of section 457, as
12 amended by section 507(c)(2), is amended by adding at
13 the end the following new paragraph:

14 “(15) COST-OF-LIVING ADJUSTMENT OF MAXI-
15 MUM DEFERRAL AMOUNT.—The Secretary shall ad-
16 just the \$7,500 amount specified in subsections
17 (b)(2) and (c)(1) at the same time and in the same
18 manner as under section 415(d), except that the
19 base period shall be the calendar quarter beginning
20 October 1, 1994.”

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 the date of the enactment of this Act.

1 **SEC. 509. CONTRIBUTIONS ON BEHALF OF DISABLED EM-**
2 **PLOYEES.**

3 (a) ALL DISABLED PARTICIPANTS RECEIVING CON-
4 TRIBUTIONS.—Section 415(c)(3)(C) is amended by adding
5 at the end the following: “If a defined contribution plan
6 provides for the continuation of contributions on behalf
7 of all participants described in clause (i) for a fixed or
8 determinable period, this subparagraph shall be applied
9 without regard to clauses (ii) and (iii).”

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to years beginning after December
12 31, 1995.

13 **SEC. 510. DISTRIBUTIONS UNDER RURAL COOPERATIVE**
14 **PLANS.**

15 (a) DISTRIBUTIONS FOR HARDSHIP OR AFTER A
16 CERTAIN AGE.—Section 401(k)(7) is amended by adding
17 at the end the following new subparagraph:

18 “(C) SPECIAL RULE FOR CERTAIN DIS-
19 TRIBUTIONS.—A rural cooperative plan which
20 includes a qualified cash or deferred arrange-
21 ment shall not be treated as violating the re-
22 quirements of section 401(a) or of paragraph
23 (2) merely by reason of a hardship distribution
24 or a distribution to a participant after attain-
25 ment of age 59½. For purposes of this section,
26 the term ‘hardship distribution’ means a dis-

1 tribution described in paragraph (2)(B)(i)(IV)
2 (without regard to the limit of its application to
3 profit-sharing or stock bonus plans).”

4 (b) DEFINITION OF RURAL COOPERATIVE PLANS.—

5 (1) PUBLIC UTILITY DISTRICTS.—Clause (i) of
6 section 401(k)(7)(B) (defining rural cooperative) is
7 amended to read as follows:

8 “(i) any organization which—

9 “(I) is engaged primarily in pro-
10 viding electric service on a mutual or
11 cooperative basis, or

12 “(II) is engaged primarily in pro-
13 viding electric service to the public in
14 its area of service and which is ex-
15 empt from tax under this subtitle or
16 which is a State or local government
17 (or an agency or instrumentality
18 thereof), other than a municipality (or
19 an agency or instrumentality there-
20 of).”

21 (2) RELATED ORGANIZATIONS.—Subparagraph
22 (B) of section 401(k)(7), as amended by paragraph
23 (1), is amended by striking clause (iv) and inserting
24 the following new clauses:

1 “(iv) an organization which is a na-
 2 tional association of organizations de-
 3 scribed in any other clause of this subpara-
 4 graph, or

5 “(v) any other organization which pro-
 6 vides services which are related to the ac-
 7 tivities of an organization described in
 8 clause (i), (ii), (iii), or (iv), but only in the
 9 case of a plan with respect to which sub-
 10 stantially all of the organizations maintain-
 11 ing it are described in clause (i), (ii), (iii),
 12 or (iv).”

13 (c) EFFECTIVE DATES.—

14 (1) DISTRIBUTIONS.—The amendments made
 15 by subsection (a) shall apply to distributions after
 16 the date of the enactment of this Act.

17 (2) RURAL COOPERATIVE.—The amendments
 18 made by subsection (b) shall apply to plan years be-
 19 ginning after December 31, 1984.

20 **SEC. 511. SPECIAL RULES FOR PLANS COVERING PILOTS.**

21 (a) GENERAL RULE.—

22 (1) Subparagraph (B) of section 410(b)(3) is
 23 amended to read as follows:

24 “(B) in the case of a plan established or
 25 maintained by one or more employers to provide

1 contributions or benefits for air pilots employed
 2 by one or more common carriers engaged in
 3 interstate or foreign commerce or air pilots em-
 4 ployed by carriers transporting mail for or
 5 under contract with the United States Govern-
 6 ment, all employees who are not air pilots.”

7 (2) Paragraph (3) of section 410(b) is amended
 8 by striking the last sentence and inserting the fol-
 9 lowing new sentence: “Subparagraph (B) shall not
 10 apply in the case of a plan which provides contribu-
 11 tions or benefits for employees who are not air pilots
 12 or for air pilots whose principal duties are not cus-
 13 tomarily performed aboard aircraft in flight.”

14 (b) EFFECTIVE DATE.—The amendments made by
 15 subsection (a) shall apply to years beginning after Decem-
 16 ber 31, 1995.

17 **SEC. 512. TENURED FACULTY.**

18 (a) IN GENERAL.—Section 457(e)(11) is amended by
 19 inserting “eligible faculty voluntary retirement incentive
 20 pay,” after “disability pay,”.

21 (b) DEFINITION.—Section 457(e), as amended by
 22 sections 507(c)(2) and 508(b), is amended by adding at
 23 the end the following new paragraph:

24 “(16) DEFINITION OF ELIGIBLE FACULTY VOL-
 25 UNTARY RETIREMENT INCENTIVE PAY.—For pur-

1 poses of this section, the term ‘eligible faculty vol-
2 untary retirement incentive pay’ means payments
3 under a plan established for employees serving under
4 contracts of unlimited tenure (or similar arrange-
5 ments providing for unlimited tenure) at an institu-
6 tion of higher education (as defined in section
7 1201(a) of the Higher Education Act of 1965 (20
8 U.S.C. 1141(a))) which—

9 “(A) provides—

10 “(i) payment to employees electing to
11 retire during a specified period of time of
12 limited duration, or

13 “(ii) payment to employees who elect
14 to retire prior to normal retirement age,

15 “(B) provides that the total amount of
16 payments to an employee does not exceed the
17 equivalent of twice the employee’s annual com-
18 pensation (within the meaning of section
19 415(c)(3)) during the year immediately preced-
20 ing the employee’s termination of service, and

21 “(C) provides that all payments to an em-
22 ployee must be completed within 5 years after
23 the employee’s termination of service.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to years beginning after December
3 31, 1995.

4 **SEC. 513. UNIFORM RETIREMENT AGE.**

5 (a) DISCRIMINATION TESTING.—Paragraph (5) of
6 section 401(a) (relating to special rules relating to non-
7 discrimination requirements) is amended by adding at the
8 end the following new subparagraph:

9 “(F) SOCIAL SECURITY RETIREMENT
10 AGE.—For purposes of testing for discrimina-
11 tion under paragraph (4)—

12 “(i) the social security retirement age
13 (as defined in section 415(b)(8)) shall be
14 treated as a uniform retirement age, and

15 “(ii) subsidized early retirement bene-
16 fits and joint and survivor annuities shall
17 not be treated as being unavailable to em-
18 ployees on the same terms merely because
19 such benefits or annuities are based in
20 whole or in part on an employee’s social
21 security retirement age (as so defined).”

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to years beginning after December
24 31, 1995.

1 **SEC. 514. UNIFORM PENALTY PROVISIONS TO APPLY TO**
2 **CERTAIN PENSION REPORTING REQUIRE-**
3 **MENTS.**

4 (a) IN GENERAL.—

5 (1) Paragraph (1) of section 6724(d) is amend-
6 ed by striking “and” at the end of subparagraph
7 (A), by striking the period at the end of subpara-
8 graph (B) and inserting “, and”, and by inserting
9 after subparagraph (B) the following new subpara-
10 graph:

11 “(C) any statement of the amount of pay-
12 ments to another person required to be made to
13 the Secretary under—

14 “(i) section 408(i) (relating to reports
15 with respect to individual retirement ac-
16 counts or annuities), or

17 “(ii) section 6047(d) (relating to re-
18 ports by employers, plan administrators,
19 etc.).”

20 (2) Paragraph (2) of section 6724(d) is amend-
21 ed by striking “or” at the end of subparagraph (S),
22 by striking the period at the end of subparagraph
23 (T) and inserting a comma, and by inserting after
24 subparagraph (T) the following new
25 subparagraphs:

1 “(U) section 408(i) (relating to reports
2 with respect to individual retirement plans) to
3 any person other than the Secretary with re-
4 spect to the amount of payments made to such
5 person, or

6 “(V) section 6047(d) (relating to reports
7 by plan administrators) to any person other
8 than the Secretary with respect to the amount
9 of payments made to such person.”

10 (b) MODIFICATION OF REPORTABLE DESIGNATED
11 DISTRIBUTIONS.—

12 (1) SECTION 408.—Subsection (i) of section 408
13 (relating to individual retirement account reports) is
14 amended by inserting “aggregating \$10 or more in
15 any calendar year” after “distributions”.

16 (2) SECTION 6047.—Paragraph (1) of section
17 6047(d) (relating to reports by employers, plan ad-
18 ministrators, etc.) is amended by adding at the end
19 thereof the following new sentence: “No return or
20 report may be required under the preceding sentence
21 with respect to distributions to any person during
22 any year unless such distributions aggregate \$10 or
23 more.”

24 (c) QUALIFYING ROLLOVER DISTRIBUTIONS.—Sec-
25 tion 6652(i) is amended—

1 (1) by striking “the \$10” and inserting
2 “\$100”, and

3 (2) by striking “\$5,000” and inserting
4 “\$50,000”.

5 (d) CONFORMING AMENDMENTS.—

6 (1) Paragraph (1) of section 6047(f) is amend-
7 ed to read as follows:

8 “(1) For provisions relating to penalties for failures
9 to file returns and reports required under this section, see
10 sections 6652(e), 6721, and 6722.”

11 (2) Subsection (e) of section 6652 is amended
12 by adding at the end the following new sentence:
13 “‘This subsection shall not apply to any return or
14 statement which is an information return described
15 in section 6724(d)(1)(C)(ii) or a payee statement de-
16 scribed in section 6724(d)(2)(V).’”

17 (3) Subsection (a) of section 6693 is amended
18 by adding at the end the following new sentence:
19 “‘This subsection shall not apply to any report which
20 is an information return described in section
21 6724(d)(1)(C)(i) or a payee statement described in
22 section 6724(d)(2)(U).’”

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to returns, reports, and other

1 statements the due date for which (determined without re-
2 gard to extensions) is after December 31, 1995.

3 **SEC. 515. NATIONAL COMMISSION ON PRIVATE PENSION**
4 **PLANS.**

5 (a) IN GENERAL.—Chapter 77 is amended by adding
6 at the end the following new section:

7 **“SEC. 7524. NATIONAL COMMISSION ON PRIVATE PENSION**
8 **PLANS.**

9 “(a) ESTABLISHMENT.—There is hereby established
10 a commission to be known as the National Commission
11 on Private Pension Plans (in this section referred to as
12 the ‘Commission’).

13 “(b) MEMBERSHIP.—

14 “(1) The Commission shall consist of—

15 “(A) 6 members to be appointed by the
16 President;

17 “(B) 6 members to be appointed by the
18 Speaker of the House of Representatives; and

19 “(C) 6 members to be appointed by the
20 Majority Leader of the Senate.

21 “(2) The appointments made pursuant to sub-
22 paragraphs (B) and (C) of paragraph (1) shall be
23 made in consultation with the chairmen of the com-
24 mittees of the House of Representatives and the

1 Senate, respectively, having jurisdiction over relevant
2 Federal pension programs.

3 “(c) DUTIES AND FUNCTIONS OF COMMISSION; PUB-
4 LIC HEARINGS IN DIFFERENT GEOGRAPHICAL AREAS;
5 BROAD SPECTRUM OF WITNESSES AND TESTIMONY.—

6 “(1) It shall be the duty and function of the
7 Commission to conduct the studies and issue the re-
8 port required by subsection (d).

9 “(2) The Commission (and any committees that
10 it may form) may conduct public hearings in order
11 to receive the views of a broad spectrum of the pub-
12 lic on the status of the Nation’s private retirement
13 system.

14 “(d) REPORT TO THE PRESIDENT AND CONGRESS;
15 RECOMMENDATIONS.—The Commission shall submit to
16 the President, to the Majority Leader and the Minority
17 Leader of the Senate, and to the Majority Leader and the
18 Minority Leader of the House of Representatives a report
19 no later than September 1, 1996, reviewing existing Fed-
20 eral incentives and programs that encourage and protect
21 private retirement savings. The final report shall also set
22 forth recommendations where appropriate for increasing
23 the level and security of private retirement savings.

24 “(e) TIME OF APPOINTMENT OF MEMBERS; VACAN-
25 CIES; ELECTION OF CHAIRMAN; QUORUM; CALLING OF

1 MEETINGS; NUMBER OF MEETINGS; VOTING; COMPENSA-
2 TION AND EXPENSES.—

3 “(1)(A) Members of the Commission shall be
4 appointed for terms ending on September 1, 1996.

5 “(B) A vacancy in the Commission shall not af-
6 fect its powers, but shall be filled in the same man-
7 ner as the vacant position was first filled.

8 “(2) The Commission shall elect 1 of its mem-
9 bers to serve as Chairman of the Commission.

10 “(3) A majority of the members of the Commis-
11 sion shall constitute a quorum for the transaction of
12 business.

13 “(4) The Commission shall meet at the call of
14 the Chairman.

15 “(5) Decisions of the Commission shall be ac-
16 cording to the vote of a simple majority of those
17 present and voting at a properly called meeting.

18 “(6) Members of the Commission shall serve
19 without compensation, but shall be reimbursed for
20 travel, subsistence, and other necessary expenses in-
21 curred in the performance of their duties as mem-
22 bers of the Commission.

23 “(f) EXECUTIVE DIRECTOR AND ADDITIONAL PER-
24 SONNEL; APPOINTMENT AND COMPENSATION; CONSULT-
25 ANTS.—

1 “(1) The Commission shall appoint an Execu-
2 tive Director of the Commission. In addition to the
3 Executive Director, the Commission may appoint
4 and fix the compensation of such personnel as it
5 deems advisable. Such appointments and compensa-
6 tion may be made without regard to the provisions
7 of title 5, United States Code, that govern appoint-
8 ments in the competitive service, and the provisions
9 of chapter 51 and subchapter III of chapter 53 of
10 such title that relate to classifications and the Gen-
11 eral Schedule pay rates.

12 “(2) The Commission may procure such tem-
13 porary and intermittent services of consultants
14 under section 3109(b) of title 5, United States Code,
15 as the Commission determines to be necessary to
16 carry out the duties of the Commission.

17 “(g) TIME AND PLACE OF HEARINGS AND NATURE
18 OF TESTIMONY AUTHORIZED.—In carrying out its duties,
19 the Commission, or any duly organized committee thereof,
20 is authorized to hold such hearings, sit and act at such
21 times and places, and take such testimony, with respect
22 to matters for which it has a responsibility under this sec-
23 tion, as the Commission or committee may deem advisable.

24 “(h) DATA AND INFORMATION FROM OTHER AGEN-
25 CIES AND DEPARTMENTS.—

1 “(1) The Commission may secure directly from
2 any department or agency of the United States such
3 data and information as may be necessary to carry
4 out its responsibilities.

5 “(2) Upon request of the Commission, any such
6 department or agency shall furnish any such data or
7 information.

8 “(i) SUPPORT SERVICES BY GENERAL SERVICES AD-
9 MINISTRATION.—The General Services Administration
10 shall provide to the Commission, on a reimbursable basis,
11 such administrative support services as the Commission
12 may request.

13 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated for each of fiscal years
15 1995 and 1996, such sums as may be necessary to carry
16 out this section.

17 “(k) DONATIONS ACCEPTED AND DEPOSITED IN
18 TREASURY IN SEPARATE FUND; EXPENDITURES.—

19 “(1) The Commission is authorized to accept
20 donations of money, property, or personal services.
21 Funds received from donations shall be deposited in
22 the Treasury in a separate fund created for this pur-
23 pose. Funds appropriated for the Commission and
24 donated funds may be expended for such purposes
25 as official reception and representation expenses,

1 public surveys, public service announcements, prepa-
2 ration of special papers, analyses, and documen-
3 taries, and for such other purposes as determined by
4 the Commission to be in furtherance of its mission
5 to review national issues affecting private pension
6 plans.

7 “(2) Expenditures of appropriated and donated
8 funds shall be subject to such rules and regulations
9 as may be adopted by the Commission and shall not
10 be subject to Federal procurement requirements.

11 “(l) PUBLIC SURVEYS.—The Commission is author-
12 ized to conduct such public surveys as it deems necessary
13 in support of its review of national issues affecting private
14 pension plans and, in conducting such surveys, the Com-
15 mission shall not be deemed to be an “agency” for the
16 purpose of section 3502 of title 44, United States Code.”

17 (b) CONFORMING AMENDMENT.—The table of sec-
18 tions for chapter 77 is amended by adding at the end the
19 following new item:

“Sec. 7524. National Commission on Private Pension Plans.”

20 **SEC. 516. DATE FOR ADOPTION OF PLAN AMENDMENTS.**

21 If any amendment made by this Act requires an
22 amendment to any plan, such plan amendment shall not
23 be required to be made before the first day of the first
24 plan year beginning on or after January 1, 1997, if—

1 (1) during the period after such amendment
 2 takes effect and before such first plan year, the plan
 3 is operated in accordance with the requirements of
 4 such amendment, and

5 (2) such plan amendment applies retroactively
 6 to such period.

7 In the case of a governmental plan (as defined in section
 8 414(d) of the Internal Revenue Code of 1986), this section
 9 shall be applied by substituting “1999” for “1997”.



S 1006 IS——2

S 1006 IS——3

S 1006 IS——4

S 1006 IS——5

S 1006 IS——6